

AMENDMENT IN THE NATURE OF A SUBSTITUTE
TO H.R. 1992
OFFERED BY MR. ISAKSON

Strike all after the enacting clause and insert the following:

1 SECTION 1. SHORT TITLE.

2 This Act may be cited as the “ Internet Equity and
3 Education Act of 2001”.

4 SEC. 2. EXCEPTION TO 50 PERCENT CORRESPONDENCE
5 COURSE LIMITATIONS.

6 (a) DEFINITION OF INSTITUTION OF HIGHER EDU-
7 CATION FOR TITLE IV PURPOSES.—Section 102(a) of the
8 Higher Education Act of 1965 (20 U.S.C. 1002(a)) is
9 amended by adding at the end the following new para-
10 graph:

11 “(7) EXCEPTION TO LIMITATION BASED ON
12 COURSE OF STUDY.—Courses offered via tele-
13 communications (as defined in section 484(l)(4))
14 shall not be considered to be correspondence courses
15 for purposes of paragraph (3)(A) for any institution
16 that—

17 “(A) is participating in either or both of
18 the loan programs under part B or D of title



1 IV on the date of enactment of the Internet Eq-
2 uity and Education Act of 2001; and

3 “(B) has a cohort default rate (as deter-
4 mined under section 435(m)) for each of the 3
5 most recent fiscal years for which data are
6 available that is less than 10 percent.”.

7 (b) DEFINITION OF ELIGIBLE STUDENT.—Section
8 484(l)(1) of the Higher Education Act of 1965 (20 U.S.C.
9 1091(l)(1)) is amended by adding at the end the following
10 new subparagraph:

11 “(C) EXCEPTION TO 50 PERCENT LIMITA-
12 TION.—Notwithstanding the 50 percent limita-
13 tion in subparagraph (A), a student enrolled in
14 a course of instruction described in such sub-
15 paragraph shall not be considered to be enrolled
16 in correspondence courses if the student is en-
17 rolled in an institution that—

18 “(i) is participating in either or both
19 of the loan programs under part B or D of
20 title IV on the date of enactment of the
21 Internet Equity and Education Act of
22 2001; and

23 “(ii) has a cohort default rate (as de-
24 termined under section 435(m)) for each of
25 the 3 most recent fiscal years for which



1 data are available that is less than 10 per-
2 cent.”.

3 **SEC. 3. DEFINITION OF ACADEMIC YEAR.**

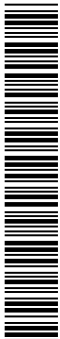
4 Section 481(a)(2) of the Higher Education Act of
5 1965 (20 U.S.C. 1088(a)(2)) is amended by inserting
6 after the first sentence the following new sentence: “For
7 the purposes of any program under this title (whether a
8 standard or nonstandard term program), a week of in-
9 struction is defined as a week in which at least one day
10 of instruction, examination, or preparation for examina-
11 tion occurs.”.

12 **SEC. 4. INCENTIVE COMPENSATION.**

13 (a) AMENDMENT.—Part G of title IV of the Higher
14 Education Act of 1965 is amended by inserting after sec-
15 tion 484B (20 U.S.C. 1091b) the following new section:

16 **“SEC. 484C. INCENTIVE COMPENSATION PROHIBITED.**

17 “(a) PROHIBITION.—No institution of higher edu-
18 cation participating in a program under this title shall
19 make any payment of a commission, bonus, or other incen-
20 tive, non-salary payment, based directly on success in se-
21 curing enrollments or financial aid, to any person or entity
22 directly engaged in student recruiting or admission activi-
23 ties, or making decisions regarding the award of student
24 financial assistance, except that this section shall not
25 apply to the recruitment of foreign students residing in



1 foreign countries who are not eligible to receive Federal
2 student assistance.

3 “(b) EXCEPTION.—Subsection (a) does not apply to
4 any contract with any third-party service provider that has
5 no control over eligibility for admission or enrollment or
6 the awarding of financial aid at the institution of higher
7 education, provided that no employee of the third-party
8 service provider is compensated solely on the basis of stu-
9 dent recruitment goals or objectives.

10 “(c) DEFINITION OF SALARY.—For purposes of sub-
11 section (a), a person shall be treated as receiving a salary
12 (and not as receiving incentive compensation) when such
13 person receives a fixed compensation that is paid regularly
14 for services and that is adjusted no more frequently than
15 every six months.”..

16 (b) CONFORMING AMENDMENT.—Paragraph (20) of
17 section 487(a) (20 U.S.C. 1094(a)(20)) is repealed.

18 (c) TECHNICAL AMENDMENT.—Section 487(c)(1) of
19 the Higher Education Act of 1965 (20 U.S.C. 1094(c)(1))
20 is amended by striking “paragraph (2)(B)” each place it
21 appears in subparagraphs (F) and (H) and inserting
22 “paragraph (3)(B)”.

